Mr. Eugene J. Miles, Director
Fuel Cycle Materi[illegible] & Services
Westinghouse Elec[illegible]c Corporation
Nuclear Manufacturing Division
P.O. Box 355
Pittsburgh, Pennsylvania 15230-0355

APR 02 1993

Dear Mr. Miles:

SUBJECT: RESPONSE TO LETTER DATED MARCH 12, 1993, DISCUSSING BOND RATINGS

In your letter to Mr. James M. Taylor, you discussed the difference between a bond rating of "A" or "A-". You stated that "the use of a plus or minus does not change the major rating category assigned to a bond or obligation. Rather, the addition of a plus or minus sign is designed to show relative standing within the major rating category. Thus, a current rating of "A" is maintained as the major category even though a minus might be added." Based on information we received from Standard and Poors (S&P) and Moody's Investors Services related to the relative significance of bond rating gradations, S&P indicated that "one notch" rating movements within or between letter categories are equally significant and that successive down-gradings from "A" to "A-" and from "A-" to "BBB+" should be viewed as equal "one notch" reductions in the continuum of S&P bond ratings. Therefore, we consider an "A-" rating to be a separate rating distinct from an "A" rating. Thus, in order to qualify for the self-guarantee schedular exemption, as described in our letter dated October 19, 1992, you will need to show at least an "A" rating from S&P.

Also, in your letter you indicated that you would provide separate correspondence with respect to the recent S&P bond rating of BBB. In your March 18, 1993, telephone conversation with Timothy Johnson of my staff, you indicated that you would submit an appropriate financial assurance mechanism to the U.S. Nuclear Regulatory Commission by April 9, 1993. We will provide a prompt review of your submittal so that the outstanding financial assurance issues can be resolved.

If you have any questions, please contact John Austin on (301) 504-2560.

Sincerely, Original Signed By
RICHARD L. BANGART

Richard L. Bangart
Division of Low-Level Waste Management
and Decommissioning
Office of Nuclear Material Safety
and Safeguards

(Ticket 93-E8673)

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